



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

Date: 10/31/2008

GAIN Report Number: PK8031

Pakistan

Grain and Feed

Pakistan Poised to Become World's Third Largest Rice Exporter

2008

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Report Highlights:

Unfettered by government intervention or an export ban, Pakistan rice exports surged in MY 2007/08 to an estimated 4.2 million metric tons, positioning Pakistan to overtake the United States as the world's third largest exporter of rice. Access to last season's strong international prices encouraged farmers to move additional planting area to rice, and as a result, MY2008/09 rice production is estimated to reach a record 6.3 million tons. In light of this year's bumper crop and the softening of international prices, the Government of Pakistan has announced its intention to purchase one million tons of domestic paddy in an effort to support local prices. The trade is wary of any government intervention in this highly successful, private-sector led market and has responded cautiously to the government's rice procurement scheme.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Islamabad [PK1]
[PK]

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RICE

Production

Based on Government of Pakistan (GOP) data, Post's estimate of MY 2006/07 rice production was increased (5 percent) to 5.45 million metric tons (MMT), the MY 2007/08 production estimate was increased (4 percent) to 5.7 MMT, and the MY 2008/09 estimate increased by (12.5 percent) to a record 6.3 MMT. An expansion in area planted to rice coupled with timely rains and reduced pest activity contributed to this year's record crop production level.

Table 2: Rice Production, Supply and Demand

PSD Table									
Country	PAKISTAN								
Commodity	RICE M I L L E D UOM Area(1000Hect), Production(1000MT) Yield(MT/HA)								
	REVISED 2006			ESTIMATE 2007			FORCAST 2008		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		11/2006	11/2006		11/2007	11/2007		11/2008	11/2008
Area Harvested	2575	2575	2575	2550	2550	2550	0	2600	2912
Beginning Stocks	296	296	296	460	460	700	520	520	200
Milled Production	5200	5200	5450	5400	5500	5700	0	5600	6300
Rough Production	7801	7801	8175	8101	8251	8550	0	8401	9450
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666	0	6666	6666
MY Imports	0	0	0	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	5496	5496	5746	5860	5960	6400	520	6120	6500
MY Exports	2600	2600	2600	2900	3000	4200	0	3050	4000
TY Exports	2600	2600	2600	2900	3000	4200	0	3050	4000
Total Consumption	2436	2436	2446	2440	2440	2000	0	2520	2200
Ending Stocks	460	460	700	520	520	200	0	550	300
Total Distribution	5496	5496	5746	5860	5960	6400	0	6120	6500
Yield	3.0295	3.0295	3.17475	3.17686	3.235686	3.35294	0	3.231153	3.22451

In response to this year's bumper crop and the tempering of international prices, the GOP has announced a procurement scheme to purchase one million tons of domestic paddy in an effort to support prices received by farmers. The state owned organization Pakistan Agricultural Services and Storage Corporation (PASSCO) will purchase the paddy at a support price of PKR 700 per 40 Kg (USD 219/MT: 1USD=Rs 80) for coarse varieties. A paddy support price for "Super Basmati" was announced on October 30, 2008 at PKR 1,500 per 40 Kg (USD 468/MT) and a paddy price for Basmati 385/2000 of PKR 1,250 per 40 Kg (USD 390/MT). The Rice Exporters Association of Pakistan (REAP) has expressed concern about the government's decision to intervene in this highly successful, private-sector led market.

Consumption

Strong international demand and prices, coupled with the government's establishment of a minimum export price (MEP) contributed to a steep increase in 2008 domestic rice prices. In September 2008, retail rice prices were about 60 percent higher than last year's prices. As a result, Pakistan rice consumption in MY 2007/08 is estimated at 2.0 MMT, down about 18 percent from the previous year. Consumption is expected to rebound somewhat (10 percent) in MY 2008/09 and is estimated at 2.2 MMT.

Trade

In response to high international prices Pakistan rice exports surged in MY 2007/08 to an estimated 4.2 MMT, positioning Pakistan as the world's third largest rice exporter. Traders estimate that this year's rice export earnings could top out at more than \$2 billion, likely making Pakistan the world's second largest rice exporter on a value basis. Rice exports are projected to remain strong in MY 2008/09 and are estimated at 4.0 MMT.

TABLE 3: Basmati Rice Exports by Month (MT)

Month / Year	2006	2007	2008
JANUARY	50,070	79,588	56,786
FEBRUARY	61,986	79,966	106,197
MARCH	83,251	87,559	751,453
APRIL	108,641	73,209	116,225
MAY	68,796	79,322	145,874
JUNE	90,036	77,830	124,541
JULY	64,923	104,270	-
AUGUST	79,709	77,948	-
SEPTEMBER	97,952	87,005	-
OCTOBER	60,641	62,369	-
NOVEMBER	56,219	87,613	-
DECEMBER	59,400	57,759	-
Total	881,624	954,432	1,301,073

Note: Export data for March 2008 reflect traders' timely response to high international prices (at a time other countries were imposing rice export bans), and includes some previously unreported exports from January and February 2008.

TABLE 4: IRRI Rice Exports by Month (MT)

Month / Year	2006	2007	2008
JANUARY	295,119	238,902	204,807
FEBRUARY	244,973	163,371	210,915
MARCH	341,420	120,700	1,157,312
APRIL	325,777	220,988	237,740
MAY	297,827	191,702	156,326
JUNE	124,513	90,711	117,646
JULY	140,187	60,504	-
AUGUST	141,657	61,352	-
SEPTEMBER	70,935	41,248	-
OCTOBER	216,061	114,901	-
NOVEMBER	238,561	153,561	-
DECEMBER	259,611	145,748	-
Total	2,696,641	1,603,688	2,084,746

Note: Export data for March 2008 reflect traders timely response to high international prices (at a time other countries were imposing rice export bans), and includes some previously unreported exports from January and February 2008.

Stocks

Due to higher exports, MY 2007/08 ending stocks are projected to decline and are estimated at 200,000 metric tons. In response to this year's record crop production and the taming of international rice prices, stocks are expected to recover in MY 2008/09 and are estimated at 300 TMT. Here-to-fore, stocks have been held in relatively small lots by the private sector. It is unclear at this point; however, how the government's new procurement scheme will affect the country's stock situation in the coming year.

Other Relevant Reports

REPORT #	SUBJECT	DATE SUBMITTED
PK8010	Grain & feed Annual	03/06/2008
PK8018	Rising Food Prices	05/13/2008
PK8023	Rice Trade Data	07/09/2008

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